

# FINANCIAL TIMES

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## Euro benefits from Athens rescue deal

By Neil Dennis

119

The euro climbed against the dollar and yen after international lenders finally signed off on a bail-out for Greece that should enable the country to avoid default on debt repayments next month.

Although the single currency was only 0.1 per cent higher at \$1.3255 by midday in New York on Tuesday, it had earlier climbed as high as \$1.3293, pushing through its 90-day moving average.

Analysts warned, however, that the crisis was far from over and many risks remained. Hans Redeker at Morgan Stanley was among them, saying "a long road remained for Europe".

He added: "While approved by the finance ministers, national parliaments still need to vote on this package. Moreover, implementation risks, as we've seen in the past, still loom high. Finally, harsh fiscal austerity risks sending Greece into a deep and severe recession."

Investors, however, welcomed the final confirmation of the €130bn bail-out and pushed the euro higher across the board. Sterling fell 0.5 per cent against the single currency to £0.8393, while the yen eased 0.1 per cent to ¥105.60.

"With the second bail-out package, the eurozone has again bought time for other peripheral countries to show that they are different," said Carsten Brzeski at ING.

With equity markets failing to get a significant boost in sentiment from the deal, most riskier currencies remained subdued.

The Australian dollar failed to find support from minutes from the Reserve Bank of Australia's first policy meeting of 2012, where it kept its main rate on hold at 4.25 per cent. This had followed quarter-point cuts in November and December.

The minutes reiterated the central bank's position that inflation remained benign and that it could cut rates if demand conditions weakened.

The Aussie was down 0.7 per cent to \$1.0676 against the US dollar and fell 0.6 per cent to ¥85.17 versus the yen.

- Sterling also failed to gain traction from the eurozone debt deal and lost 0.4 per cent to \$1.5886 versus the dollar and fell 0.4 per cent to Y125.73 against the yen. The yen continued to weaken against the dollar, falling 0.1 per cent to Y79.69.

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